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ARIZONA LUXURY TAX NOTICE LTN 04-3

S.B. 1353, 46th Leg., 2d Reg. Sess. [2004 Ariz. Sess. Laws 311]

August 9, 2004

Think the price you paid for your mail-order cigarettes is a steal? It may very well be **against the law** . . . stealing revenue due to the state, and potentially funding unscrupulous vendors who are selling tobacco to Arizona's youth.

On June 1, 2004, Governor Napolitano signed Senate Bill 1353 into law. The bill is aimed at curbing mail-order and Internet sales of cigarettes, snuff, chewing tobacco, and certain other tobacco products (called **delivery sales**) to minors and preventing the evasion of Arizona taxes on such sales.

If you are an Arizona resident and buy cigarettes, chewing tobacco, snuff, or certain other tobacco products by mail, phone, or on the Internet, you may be interested in how the new laws may affect you. Beginning August 25, 2004:

1. Arizona law will require sellers to collect information before making a sale that verifies your age and address. Besides making certain certifications to a seller, you may also have to provide proof such as a copy of a government-issued picture ID. Some Internet sales may also require purchase only through a **credit or debit card issued in your name**, or by your **personal or company check**.

You may not be able to complete your purchases if you cannot provide sufficient verification of your age. Filing a **false age verification certification** as an adult is a **class 5 felony**, and each offense carries a fine of either **\$10,000 or five times the retail value** of the tobacco products involved in the violation, whichever is greater.

2. Arizona law will require sellers to state on the shipping documents that accompany your order that the delivery contains tobacco products.
3. Arizona law will require the service that delivers your tobacco purchases to have either you or another adult you designate or that resides at the same address to sign for the delivery. You will also have to provide proof in the form of a government-issued picture ID showing your name, date of birth, and address at this time.
4. Arizona law will require sellers to collect all Arizona taxes due on your purchases at the time of sale, which includes any luxury (tobacco) tax and use tax owed. Be aware that if taxes are not paid when you buy the products, **you** may become personally liable to pay for any tax, penalties, and interest due, including a fine of **five times the retail value** of your purchase.

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Any person who violates the newly enacted laws can be:

- a. Charged with a **class 5 felony**,
- b. Fined the greater of **\$1,000 or five times the retail value** of the tobacco products involved for the first violation, and
- c. Fined the greater of **\$5,000 or five times the retail value** of the tobacco products for each subsequent violation.

Any tobacco products sold or attempted to be sold in a delivery sale that does not meet the requirements of the new laws shall be **forfeited to the state**.

So, before you make your next purchase, get the facts. Visit the Arizona Department of Revenue's website at www.revenue.state.az.us for more information.